

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST CASEY COUNTY	)	
WATER DISTRICT FOR A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND NECESSITY TO	)	
CONSTRUCT AND FINANCE PURSUANT TO THE	)	CASE NO.
PROVISIONS OF KRS 278.023	)	2003-00477

O R D E R

On December 12, 2003, East Casey County Water District ("East Casey District") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,880,500 waterworks improvement project and for approval of its plan of financing for this project. On January 8, 2004, East Casey District filed a Preliminary Engineering Report to complete its application. This project will provide new service to approximately 300 new customers with the installation of approximately 69 miles of 6-inch through 3-inch water transmission mains and 3 pneumatic pump stations and related appurtenances. Project funding includes a \$406,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$244,000 grant from the RD, a \$350,000 Appalachian Regional Commission grant, a \$483,900 Community Development Block Grant, a \$200,000 State of Kentucky 2020 Program grant, and a \$196,600 contribution from the Applicant.

East Casey District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S.

Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on January 8, 2004, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. East Casey District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. East Casey District's proposed plan of financing with RD is accepted.
3. East Casey District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
4. East Casey District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), East Casey District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.
5. East Casey District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

6. East Casey District is authorized to issue Water Revenue Bonds in the amount of \$406,000 maturing over 40 years and at an interest rate not exceeding 4.5 percent per annum.

7. Three years from the date of this Order, East Casey District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 22<sup>nd</sup> day of January, 2004.

By the Commission

ATTEST:

  
Executive Director

Case No. 2003-00477